

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF OKLAHOMA**

UNIVERSITAS EDUCATION, LLC,	)	
	)	
Petitioner/Judgment Creditor,	)	
	)	
v.	)	Case No. 14-FJ-05-HE
	)	
NOVA GROUP, INC.,	)	
	)	
Respondent/Judgment Debtor,	)	
	)	
AVON CAPITAL, LLC,	)	
	)	
Respondent/Judgment Debtor,	)	
	)	
ASSET SERVICING GROUP, LLC,	)	
	)	
Respondent/Garnishee,	)	
	)	
SDM HOLDINGS, LLC,	)	
	)	
Respondent/Garnishee,	)	
	)	
and	)	
	)	
AVON CAPITAL, LLC, a Wyoming Limited	)	
Liability Company,	)	
	)	
Intervenor.	)	

**RECEIVER'S REPORT  
MARCH 2024**

COMES NOW Ryan Leonard, Receiver of Avon Capital, LLC, a Wyoming limited liability company ("Avon Capital"), and pursuant to this Court's Order [Doc. No. 565], submits this Receiver's Report on the findings and activities of the Receiver in March 2024:

1. This report supplements the Receiver's notice filing of March 26, 2024, regarding the status of the portfolio of insurance policies held through SDM Holdings, LLC ("SDM"), as much of the work of the receivership in March 2024 involved the issues addressed therein. *See* [Doc. No. 617].

2. Following the entry of this Court's Order on the Receiver's Motion to Clarify Authority [Doc. No. 594], the Receiver and manager of SDM began actively working with Asset Servicing Group, LLC ("ASG") to manage to the extent possible under the present circumstances the portfolio of insurance policies.<sup>1</sup> The initial action step was to provide notice to insurers of the appropriate contact and beneficiary information for the policies, as the contact information for many, if not all, of the policies had been changed to Connecticut. The Receiver's notice led to multiple interactions with insurers to address conflicting information the insurers continued to receive from Connecticut as recently as March 26, 2024, regarding who has authority over the policies. These interactions will likely continue. Importantly, by all appearances, the conflicting information the insurers have received has delayed the receipt of some or all of \$383,000.00 in proceeds from maturities which are immediately due to SDM (and necessary to pay ongoing premiums and expenses). A number of urgent steps were required to be taken in March to stop the proceeds from being sent to Connecticut. The apparent plan from Connecticut is to drain the bank account held by ASG for the benefit of SDM, terminate ASG (which they have

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<sup>1</sup> Of note, ASG was not paid for its services following the termination of the initial receivership for the period of July 2023 through January 2024. At present, ASG is owed \$87,165.05 in past due management fees. ASG has been paid its management fees for February, March and April 2024.

already attempted to do) and effectively remove the portfolio of policies from any purview of the Court's authority.<sup>2</sup> In sum, the efforts of individuals associated with SDM-Connecticut to exercise authority over the portfolio of policies that continued through at least late March has greatly complicated the management of SDM, and led to much more work for SDM's manager and the Receiver than otherwise would have been necessary.

3. In addition, in March 2024, questions were again raised concerning the filing of tax returns. During the prior receivership, the Receiver was unable to verify the financial information provided by the historical accountant for SDM, and the purported membership of SDM reflected by the accountant was inconsistent with the rulings of this Court. Accordingly, SDM-Connecticut filed a tax return for 2021 without the authorization of the Receiver, and the Receiver took the step of notifying the IRS of inconsistencies between the filed return and this Court's Orders. Until recently, the Receiver has not been privy to the tax identification number for Avon Capital, LLC.<sup>3</sup> Now in possession of Avon Capital,

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<sup>2</sup> Further credence to the existence of this plan is evidenced by instructions given to ASG from Connecticut in March 2024 to pay policy premiums through June, prior to the premiums being due, which would have exhausted all available funds in the ASG bank account held for the benefit of SDM. As a compromise, the SDM manager (with the consent of the Receiver) authorized premiums to be paid through May 2024. With the proceeds from the maturities remaining in limbo, the available funds in SDM's bank account currently total approximately \$35,000.00.

<sup>3</sup> On January 23, 2023 (during the prior receivership), the Receiver requested the tax identification number for Avon Capital, LLC, in addition to copies of tax returns for the last 3 years in which returns were filed, from Alan Rupe, counsel for Avon Capital, LLC. No response to that request was received. However, the Receiver reiterated the request in March 2024, and Mr. Rupe's co-counsel ultimately provided Avon Capital, LLC's tax identification number. The request for prior tax returns has not been fulfilled.

LLC's tax identification number, the Receiver filed a timely extension of Avon Capital, LLC's return on March 15, 2024.<sup>4</sup>

4. Because ASG continues to receive "minimal mail," the precise amount of premiums and interest due can only be projected, and those projected amounts have been paid through May 2024. With the proceeds from pending maturities currently in limbo, the Receiver will shortly request authority from the Court to take loans against policies sufficient to cover premiums and expenses for a period through August 2024. In the event proceeds from maturities are received in the near future, those loans may become either unnecessary, or will be able to be reduced. Lastly, SDM's manager and the Receiver will continue to work with ASG to manage the portfolio of policies to the extent possible, and take such actions as are necessary to expedite the receipt of proceeds from the maturities.

Dated: April 5, 2024.

Respectfully submitted,

s/ Ryan Leonard  
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RECEIVER

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<sup>4</sup> On April 3, 2024, the Receiver received information that the extension had been rejected, possibly due to the status of the Avon Capital, LLC entity in Wyoming. More information will be provided on the issue of the tax returns when it becomes available. In any event, the Receiver will ensure that the IRS is promptly notified of any returns he has notice of that are filed and are inconsistent with this Court's Orders.

**CERTIFICATE OF SERVICE**

I hereby certify that on April 5, 2024, I electronically transmitted the attached document to the Clerk of Court using the Electronic Case Filing System for filing. Based on the records currently on file in this case, the Clerk of Court will transmit a Notice of Electronic Filing to those registered participants of the ECF System.

s/ Ryan Leonard

Ryan Leonard